

DD/A Registry
File Q47112-1

ADMINISTRATIVE - INTERNAL USE ONLY

DD/A 78-0558/3

04 FEB 1978

MEMORANDUM FOR : John H. Waller
Inspector General

FROM : John F. Blake
Deputy Director for Administration

SUBJECT : Inspection Services for the Staff
Elements of the Office of the Director
of Central Intelligence

REFERENCE : Your Draft Memo to DCI w/att;
9 February 1978

The DDA has no substantive comments or recommendations to make on the draft memorandum, "Inspection Services for the Staff Elements of the Office of the Director of Central Intelligence."

John F. Blake

John F. Blake

STATINTL

Originator: [REDACTED]; se/24 Feb 78

Distribution:

Orig - IG w/o ref
✓ 1 - DDA Subject w/Ref
1 - DDA Chrono w/o ref
1 - JFB Chrono w/o ref
1 - RFZ chrono w/o ref

DDA 78-0558; Memo from OIG requesting Comments/concurrences on Audit & Inspection Services for O/DCI. ADMINISTRATIVE - INTERNAL USE ONLY

DD/A 78-0558/1; Requests Comments from OF re Audit Draft.
DD/A 78-0558/2; Memo to IG from JFB re Audit Draft.

DRAFT

1 Dft 78-012-26

MEMORANDUM FOR: Director of Central Intelligence
THROUGH : Deputy Director of Central Intelligence
FROM : John H. Waller
Inspector General
SUBJECT : Inspection Services for the Staff Elements of the
Office of the Director of Central Intelligence

1. Action Requested: That you approve the recommendation in paragraph 4 that responsibility for inspection and grievance services for the staff elements of the Office of the Director of Central Intelligence be assigned to the CIA Inspector General and sign the memorandum at Tab A.

2. Background:

a. Section 4-207 of Executive Order 12036 defines the staff elements of the Office of the Director of Central Intelligence as an organization in the Intelligence Community separate from the Central Intelligence Agency. Section 1-705 of this Order requires "the senior officials of each of the agencies within the Intelligence Community to provide for strong, independent, internal means to identify, inspect, and report on unlawful or improper activity." Section 3-2 of this Order describes the oversight investigation and reporting requirements for Inspectors General with responsibilities for agencies within the Intelligence Community. Section 1-813

of this Order authorizes CIA to provide certain services and support for the Office of the Director, but does not specifically provide for inspection services.

b. CIA Headquarters Regulations [REDACTED]

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[REDACTED] (at Tab B) provide the means whereby CIA employees may report allegations of illegal or improper activities or present personal grievances to the Inspector General.

3. Staff Positions:

a. Inspector General: While there is no statutory requirement for inspection services, Executive Order 12036 assumes the existence of an Inspector General in each organization of the Intelligence Community. As the order establishes a distinction between CIA and the Office of the DCI, the Inspector General for CIA is not specifically charged with inspection responsibility for the Office of the DCI. This responsibility should be assigned to the CIA Inspector General, if personnel assigned to the staff elements of the Office of the DCI are governed by CIA regulations and their authorities are derived from those given to CIA in the National Security Act of 1947.

b. Director, National Foreign Assessment Center:

c. Deputy to the DCI for Collection Tasking:

d. Deputy to the DCI for Resource Management:

e. Deputy Director for Administration:

f. General Counsel:

4. Recommendation: That you assign responsibilities for inspection services for the staff elements of the Office of the Director of Central Intelligence to the Inspector General of CIA and that you sign the memorandum at Tab A.

John H. Waller

Attachments:
a/s

APPROVED: _____
Director of Central Intelligence

DISAPPROVED: _____
Director of Central Intelligence

DATE: _____

Approved For Release 2002/01/24 : CIA-RDP84-00142R000300070018-6



Approved For Release 2002/01/24 : CIA-RDP81-00142R000300070018-6

DRAFT

MEMORANDUM FOR: Director, National Foreign Assessment Center
Deputy to the DCI for Collection Tasking
Deputy to the DCI for Resource Management
Deputy Director for Administration
Inspector General

Under the provisions of Section 1-813 of Executive Order 12036, the Inspector General of CIA is assigned responsibilities for the staff elements of the Office of the Director of Central Intelligence. These responsibilities will be carried out in accordance with Sections 1-705, 1-813, 3-1, and 3-2 of Executive Order 12036 and CIA Headquarters Regulations [REDACTED] and by procedures mutually agreed between the staff elements concerned and the CIA Inspector General.

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STANSFIELD TURNER

cc: General Counsel

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3. INDEPENDENT OFFICES

a. OFFICE OF THE INSPECTOR GENERAL

(1) **THE INSPECTOR GENERAL.** The Inspector General is charged with directing and coordinating the activities of the Inspection Staff and the Audit Staff in conducting special investigations, inspections of organizational components, and audits on behalf of the Director throughout the Agency, both at headquarters and in the field, and performing such other functions as may be prescribed by the Director. The position of the Inspector General is equivalent to that of a Deputy Director. The Inspector General shall have access to any information in CIA necessary to perform his assigned duties. In compliance with Executive Order 11905, dated 18 February 1978, the Inspector General will (provisions of the Executive Order are quoted in italics):

- (a) *Transmit to the Intelligence Oversight Board reports of any activities that come to his attention that raise questions of legality or propriety.*
- (b) *Report periodically, at least quarterly, to the Intelligence Oversight Board on his findings concerning questionable activities, if any.*
- (c) *Provide to the Intelligence Oversight Board all information requested about activities within the CIA.*
- (d) *Report to the Intelligence Oversight Board any occasion on which he was directed not to report any activity to the Board by the DCI.*
- (e) *Formulate practices and procedures designed to discover and report to the Intelligence Oversight Board activities that raise questions of legality or propriety.*

(2) **INSPECTION STAFF.** The Chief, Inspection Staff will:

- (a) Conduct periodic inspections of all CIA offices for compliance with CIA authority and regulations, as well as for effectiveness of their programs in implementing policy objectives; conduct unannounced inspections of any organizational component of CIA when it appears necessary.
- (b) Survey and evaluate any problem area or subject called to his attention by CIA employees, by his own investigations, by the Director, or by the CIA Management Committee, or upon request of the responsible Deputy Director or Head of Independent Office, reporting his findings and conclusions as appropriate.
- (c) Provide a forum wherein CIA personnel may, on a highly confidential basis, confide grievances or complaints that have not received satisfactory consideration through normal channels of command. The Inspection Staff is empowered to accept direct appeals from employees when appropriate.
- (d) Investigate all reports from employees or other sources of possible violations of CIA's statutory authority.
- (e) Investigate charges and reports of fraud, misuse of funds, conflicts of interest, and other matters involving misfeasance, malfeasance, non-feasance, or violation of trust. In all cases involving possible violations of the U.S. criminal code, the investigation will be limited to developing sufficient facts to determine if a crime has been committed, and whether prosecution may compromise international relations, national security, or foreign intelligence sources and methods. The results of

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such investigations will be reported to the General Counsel for further reporting to the Department of Justice. Reporting of the fact of a crime will not be delayed for an evaluation of whether prosecution will raise questions of national security, as outlined above. If both reports can be made at the same time without delay, they may be so reported.

- (f) Refer to the General Counsel all matters involving legal questions that come to the attention of the Inspector General.
- (g) Coordinate with the CIA Director of Equal Employment Opportunity concerning grievance cases arising under [REDACTED] that may present questions of overlapping responsibility.
- (h) Review with the General Counsel proposals for support of other government departments or agencies, under the provisions of [REDACTED] Annex E.

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ADMINISTRATIVE—INTERNAL USE ONLY

PERSONNEL

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7. GRIEVANCE PROCEDURE

- a. **DEFINITION.** A grievance is an employee's expressed feeling (oral or written) of dissatisfaction with any aspects of his working conditions and relationships which are outside his control.
- b. **POLICY.** It is Agency policy that employees have the opportunity to present grievances for prompt and equitable consideration and disposition.
- c. **PROCEDURES**
 - (1) The immediate supervisor will attempt to bring about a satisfactory resolution of the employee's grievance. The employee may take any unresolved grievance up through the normal chain of command within his own component.
 - (2) If a satisfactory adjustment is not reached in the employee's own component, he may ask for a review of his case by the Director of Personnel.
 - (3) The employee, if still dissatisfied, may submit an appeal, through the Inspector General, to the Director of Central Intelligence whose decision is final.

78-0888/2
DD/A Registry
File 02-17 2-1
22 FEB 1973

MEMORANDUM FOR: Inspector General

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Audit Services for the Office of the Director of
Central Intelligence Agency

1. I have reviewed your proposed memorandum for the Director of Central Intelligence requesting that he assign the responsibility for auditing staff elements of the Office of the Director of Central Intelligence to the CIA Audit Staff.

2. In my view the proposed action is not necessary. To my certain knowledge, at the time the statutory language for the Intelligence Committee Staff appropriation was developed, it was determined that the Director of Central Intelligence required no additional statutory authority for his administration of activities covered by that new appropriation. It was on that basis that the certifying officer for expenditures from that appropriation was appointed by the Director of Finance under the authority of Agency regulations. It was on the same basis that the Director has exercised his Section 8 authority for the certification of the IC Staff appropriated funds which are used to reimburse the Agency for the salaries of Agency personnel under official cover which are detailed to the IC Staff.

3. In the context of the foregoing, I believe beyond question the Audit Staff is responsible under its existing charter for audit of the appropriation for the Intelligence Community Staff, just as it is responsible for the audit of the appropriations for the Agency and for the Central Intelligence Agency Retirement and Disability System. Consequently, I believe it is inappropriate to establish the precedent of requesting the Director to affirm responsibility for a function already established.

John F. Blake

Distribution:

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2 - DDA
1 - D/OF
1 - DD/FO

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DDA Registry
File 057M-2-7

Audit & Inspection Services for the Office of the
DCI

DD/A 78-0558/1

10 Feb 78

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Executive Officer/DDA

Mr. Tom Yale
Director/Office of Finance

Per our conversation.

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DDA Suspense: 17 Feb 1978

Originator: [REDACTED] se/10 Feb '8 STATINTL

Orig RS - Mr. Yale w/Att

RS - DDA Subject

RS - DDA Chrono

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DD/A 78-0558; Req for comment and
concurrence on two drafts to DC
proposing IG perform audit and
inspection services for the staff
elements of ODCI.

6 Feb
9 1973

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78	59

MEMORANDUM FOR: Director, National Foreign Assessments Center
Deputy to the DCI for Collection Tasking
Deputy to the DCI for Resource Management
Deputy Director for Administration
General Counsel

FROM : John H. Waller
Inspector General

SUBJECT : Audit and Inspection Services for the Office of the
Director of Central Intelligence

Attached for your comment and concurrence are two draft memoranda to the DCI proposing that the Inspector General of CIA perform audit and inspection services for the staff elements of the Office of the Director of Central Intelligence.

John H. Waller

Attachments: a/s

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MEMORANDUM FOR: Director of Central Intelligence
THROUGH : Deputy Director of Central Intelligence
FROM : John H. Waller
Inspector General
SUBJECT : Audit Services for the Office of the Director of
Central Intelligence

1. Action Requested: That you concur with the recommendation in paragraph 4 that the CIA's Audit Staff perform audit services for the Office of the Director of Central Intelligence as well as for the Central Intelligence Agency. A proposed memorandum establishing this responsibility is at Tab A for your signature.

2. Background:

a. Section 1-813 of Executive Order 12036 provides authority for the Central Intelligence Agency to: "Provide legal and legislative services and other administrative support to the Office of the Director of Central Intelligence". Section 4-207 defines the "staff elements of the Office of the Director of Central Intelligence" as an organization in the Intelligence Community separate from the Central Intelligence Agency.

b. The Budget and Accounting Procedures Act of 1950 requires the head of each Agency to establish and maintain systems of "internal control designed to provide.... effective control over and accountability for all funds,

property, and other assets for which the Agency is responsible, including appropriate internal audit."

3. Staff Positions

a. Inspector General:

(1) While Executive Order 12036 draws a distinction between the Offices of the DCI and the CIA, the preamble of this Order draws on the authority of the National Security Act of 1947, an Act which does not make this distinction. It is our understanding that both organizations derive their basic authorities from the National Security Act of 1947 and, for the purpose of complying with a statute, such as the Budget and Accounting Procedures Act of 1950, they are one agency.

(2) While it is clear that the CIA Audit Staff is responsible for funds appropriated to the CIA, the responsibility for the audit of funds appropriated by Congress separately to the Intelligence Community Staff (which we equate to the "staff elements of the Office of the Director of Central Intelligence" as defined in Section 4-207 of Executive Order 12036) has not been clearly established. To comply with the 1950 Act cited above and with those provisions in Sections 1-7 of Executive Order 12036 which require "senior official of each of the agencies within the Intelligence Community" to ensure compliance

with law and provide for the means to "identify, inspect, and report on unlawful or improper activity...", responsibility for the audit of funds appropriated to or expended by the Office of the Director of Central Intelligence should be assigned.

(3) This responsibility can be assigned to the CIA Audit Staff under the provisions of Section 1-813 of E.O. 12036 which authorizes CIA to "Provide...other administrative support to the Office of the Director of Central Intelligence." This responsibility would be carried out by the Audit Staff in accordance with the provisions of CIA Headquarters Regulations [REDACTED]

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Alternatively, you could establish an independent audit unit for all or each of the staff elements of the Office of the Director of Central Intelligence. However, the CIA Audit Staff could perform this service with present resources.

b. Director, National Foreign Assessment Center:

c. Deputy to the DCI for Collection Tasking:

d. Deputy to the DCI for Resource Management:

e. Deputy Director for Administration:

f. General Counsel:

4. Recommendation: That you assign responsibility for audit services for the staff elements of the Office of the Director of Central Intelligence to the CIA Audit Staff and that you sign the memorandum at Tab A.

John H. Waller

Attachments: a/s

APPROVED: _____
Director of Central Intelligence

DISAPPROVED: _____
Director of Central Intelligence

DATE: _____

TAB

MEMORANDUM FOR: Director, National Foreign Assessments Center
Deputy to the DCI for Collection Tasking
Deputy to the DCI for Resource Management
Deputy Director for Administration
Inspector General

SUBJECT : Audit Services for the Staff Elements of the
Office of the Director of Central Intelligence

Under the provisions of Section 1-813 of Executive Order 12036,
the CIA Audit Staff is assigned responsibility for audit services
for the staff elements of the Office of the Director of Central
Intelligence. These responsibilities shall be carried out in
accordance with the provisions of CIA Headquarters Regulations

STATINTL [REDACTED] and by procedures mutually agreed between the staff
element concerned and the CIA Inspector General.

TANSFIELD TURNER

cc: General Counsel

TAB

ORGANIZATION

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3. INDEPENDENT OFFICES

a. OFFICE OF THE INSPECTOR GENERAL

(3) AUDIT STAFF. The Chief, Audit Staff will:

- (a) Perform independent audits or audit reviews of all matters related to receipt, disbursement, and application of funds and assets available to CIA, consistent with accepted standards of auditing, to ensure that applicable laws and Agency policies, regulations, and procedures are followed.
- (b) Conduct supplementary, independent program audits of Agency operations pursuant to the audit standards established by the Comptroller General. Such audits will cover Agency-wide subject matter selected in coordination with the Comptroller or directorate problems selected in coordination with the Deputy Director concerned. For purposes of coordinating independent program audits, substantially qualified officers will be detailed to the Audit Staff.
- (c) Submit audit reports containing findings and recommendations to the Deputy Director concerned, the organizational component concerned, and other officials whose responsibilities may be involved; and, ensure that audit reports with recommendations that cannot be resolved satisfactorily at operating levels be referred to the Director of Central Intelligence through the Inspector General for final resolution.

See [REDACTED] for further detail on the Audit program.

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AUDIT

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1. AUDIT OF AGENCY ACTIVITIES

- (a. **POLICY.** The Agency will provide audit facilities and services to ensure a final and independent audit or audit review of components, installations, programs, and activities consistent with audit standards and requirements promulgated by authoritative audit and management offices of the Government, and with the guidelines set forth by the Director of Central Intelligence. Only the Director of Central Intelligence may exempt an Agency activity from audit.

b. RESPONSIBILITIES

- (1) The Audit Staff of the Office of the Inspector General is responsible for the examination and appraisal of policies, systems, procedures, records, and reports relating to programming, budgeting, accounting, procurement, and supply; and, other operations having an impact on the expenditure of funds, use of resources, or effective accomplishment of Agency objectives.
- (2) The Chief, Audit Staff will:
 - (a) Prepare an annual audit plan developed in coordination with program officials. The plan will cover all Agency activities subject to audit, the activities and locations selected for audit with assigned priorities, the reasons for their selection, the audit period, the scope of audit coverage, the management benefits anticipated from the audit, and evidence of coordination with the Comptroller or the appropriate Deputy Director on the selection of subject matter for management audits.
 - (b) Direct the performance of planned audits of headquarters components, domestic or overseas field installations, and related programs and projects. Dependent on the scope of audit coverage outlined in the audit plan, determine whether:
 - (1) Financial operations are properly conducted, financial reports are presented fairly, and compliance with laws and regulations has been achieved.
 - (2) Agency resources are managed and used in an economical and efficient manner.
 - (3) Desired results and objectives are being achieved in an effective manner.
 - (c) When an audit is planned which encompasses elements of subparagraph b(2) (b) (2) and/or (3) above, augment the audit team where necessary with an individual or individuals with appropriate experience in the technical field or operational area to be reviewed. These individuals may be drawn from either the Inspection Staff, the directorate involved, retirees, or outside consultants, and should be independent of the program under review. Individuals selected for augmentation of audit teams will be appropriately cleared with the Deputy Director concerned.
 - (d) Report the observations and recommendations resulting from audits to Agency officials responsible for taking actions, and to other responsible or management officials as may be appropriate.
 - (e) Follow up recommendations when necessary to assure that appropriate action is taken, and report to the Director of Central Intelligence through the Inspector General any recommendations that are not being resolved satisfactorily at operating levels.

→Revised: 3 June 1975 (882)

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AUDIT

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- (f) Determine the need for site audits of projects involving Agency instrumentalities (see [REDACTED] and engage or approve the public accountants to be used in those cases where cover or other reasons preclude the use of Agency auditors. Before instituting a site audit the Chief, Audit Staff will obtain:
- (1) Concurrence on the use of either Agency auditors or public accountants from the office controlling the operational phases of the project, and from the offices having security, commercial, and cover responsibilities.
 - (2) Appropriate security clearances from the Office of Security if public accountants are to be employed.
- (g) Direct the audit of all Agency-sponsored activities not funded by public appropriations, such as the Credit Union, the Employee Activity Association, the Voluntary Investment Plan, and employee health and insurance programs.
- (3) Deputy Directors and Heads of Independent Offices are responsible for assuring that offices and personnel under their jurisdiction:
- (a) Assist and cooperate with the Chief, Audit Staff and his representatives in carrying out their responsibilities.
 - (b) Reply to audit recommendations within 60 days.
 - (c) Obtain concurrent of Chief, Audit Staff before employing public accountants for audit purposes.
 - (d) Provide that all fees and expenses for audit services of public accountants will be paid by the project or activity audited.
 - (e) Coordinate on the selection of subject matter for management audits.
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